

Message Text

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PAGE 01 KUWAIT 01035 210943Z
ACTION EB-08

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E.O. 11652: N/A
TAGS: EAGR, OTRA, KU
SUBJECT: VISIT OF GRAIN EXPORTERS

REF: STATE 39284

1. EMBASSY WELCOMES VISIT OF BENSON QUINN JOSEPH EXPORT COMPANY MARCH 13 - 15. GROUP SHOULD CONTACT ROBERT ATCHESON, COMMERCIAL OFFICER, UPON ARRIVAL. EMBASSY TELEPHONE NO. IS 424-151.

2. FOLLOWING INFORMATION SHOULD BE PASSED TO GROUP PRIOR TO DEPARTURE. AUSTRALIA PROVIDES VIRTUALLY ALL OF THE WHEAT IMPORTED INTO KUWAIT BECAUSE OF EXCLUSIVE SUPPLY ARRANGEMENTS BETWEEN AUSTRALIAN WHEAT PRODUCERS AND THE KUWAIT FLOUR MILLS, WHICH HAS BEEN GRANTED A MONOPOLY LICENSE BY THE GOVERNMENT OF KUWAIT. TOTAL WHEAT IMPORTS RANGE FROM 100,000 TO 130,000 TONS ANNUALLY. WHEAT FLOUR IMPORTS AVERAGE APPROXIMATELY 1,000 TONS ANNUALLY, MOSTLY FOR USE BY SPECIALITY BAKERIES. CORN SALES IN KUWAIT ARE POOR. THE KUWAIT SUPPLY CO. PURCHASED 6000 TONS OF CORN IN 1977, ONLY 500 TONS OF WHICH
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COULD BE SOLD ON THE MARKET. THE KUWAIT SUPPLY CO. IS CONSIDERING GIVING THE REST AWAY. EMBASSY HAS NO INFORMATION ON SORGHUM IMPORTS, BUT ANIMAL FEED MARKET IS SMALL SINCE TOTAL CATTLE AND SHEEP POPULATION PROBABLY DOES NOT EXCEED 10,000 - 15,000 HEAD.

3. THE KUWAIT FLOUR MILLS COMPANY REFUSES TO DEAL WITH

BROKERS. COMPANY IS NOT INTERESTED IN ONE-PURCHASE DEALS AND SEEMS HAPPY WITH THE LONG-TERM RELATIONSHIP IT PRESENTLY HAS WITH THE AUSTRALIANS. THAT ARRANGEMENT INCLUDES THE FOLLOWING: NO LETTERS OF CREDIT ARE OPEN; 10-15 DAYS AFTER KUWAIT CARGO VESSELS PICK UP THE WHEAT FROM AUSTRALIAN PORTS, A BILL IS TELEXED AND KUWAIT FLOUR MILLS MAKES MONEY TRANSFER TO THE WHEAT PRODUCERS. THE WHEAT PURCHASED IS AT A DISCOUNT BELOW THE WORLD PRICE. FOR THE TWO TYPES OF WHEAT THAT THE KUWAIT FLOUR MILLS PURCHASES (A S W AND PRIME HARD) IT PAID RESPECTIVELY 126 US DOLLARS AND 133 US DOLLARS FAS PER TON ON FRIDAY, FEBRUARY 17, 1978. A COMPARISON WITH CURRENT WORLD WHEAT PRICES ON THAT DAY WOULD INDICATE WHAT DISCOUNT THE KUWAIT FLOUR MILLS RECEIVE FROM THE AUSTRALIAN WHEAT PRODUCERS.

4. EMBASSY HAPPY TO ARRANGE APPOINTMENTS FOR BENSON QUINN JOSEPH EXPORT COMPANY GROUP, AND TO HAVE COMMERCIAL OFFICER ATCHESON, WHO HAS BEEN CLOSELY FOLLOWING FOOD SALES MATTERS, ACCOMPANY GROUP ON CALL TO KUWAIT FLOUR MILLS. OBVIOUSLY THIS CALL WILL ONLY BE MEANINGFUL IF COMPANY CAN MATCH AUSTRALIAN COMPETITION. WE WOULD APPRECIATE LEARNING FROM BENSON QUINN AND OR USDA/FAS/W WHETHER U.S. FIRMS CAN COMPETE WITH PRICES AUSTRALIANS QUOTING TO KUWAIT FLOUR MILLS. MAESTRONE

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